

Elk Hills School Lands Fund

Proposed Appropriation Language

For necessary expenses in fulfilling installment payments under the Settlement Agreement entered into by the United States and the State of California on October 11, 1996, as authorized by section 3415 of Public Law 104-106, [36,000,000, to become available on October 1, 2005] \$48,000,000, for payment to the State of California for the State Teachers' Retirement Fund from the Elk Hills School Lands Fund. (Department of the Interior and Related Agencies Appropriations Act, 2005.)

Explanation of Change

The increase reflects additional funds for the seventh installment payment.

Elk Hills School Lands Fund

Overview

Appropriation Summary by Program

(dollars in thousands)

	FY 2004 Comparable Appropriation	FY 2005 Comparable Appropriation	FY 2006 Base	FY 2006 Request	FY 2006 Request vs Base	
					\$ Change	% Change
California Teachers' Pension Fund Payment	36,000	0	0	48,000	+48,000	+100.0%
Advance Appropriation	0	36,000	36,000	36,000	0	0.0%
Total, Elk Hills School Lands Fund	36,000	36,000	36,000	84,000	+48,,000	+133.3%

Detailed Funding Table

(dollars in thousands)

	FY 2004	FY 2005	FY 2006
Elk Hills School Lands Fund			
Teachers' Pension Fund Payment.....	36,000	0	48,000
Advance Appropriation	0	36,000	36,000
Total, Elk Hills School Lands Fund	36,000	36,000	84,000

Public Law Authorization:

Public Law 104-106, National Defense Authorization Act for FY 1996

Preface

The Elk Hills School Lands Fund provides a source of funding for a settlement with the State of California with respect to its longstanding claims to two parcels of land within NPR-1.

Strategic Context

Following publication of the Administration's National Energy Policy, the Department developed a Strategic Plan that defines its mission, four strategic goals for accomplishing that mission, and seven general goals to support the strategic goals. Each appropriation has developed quantifiable goals to support the general goals. Thus, the "goal cascade" is the following:

Department Mission → Strategic Goal (25 yrs) → General Goal (10-15 yrs) → Program Goal (GPRA Unit) (10-15 yrs)

To provide a concrete link between budget, performance, and reporting, the Department developed a “GPRA^a unit” concept. Within DOE, a GPRA Unit defines a major activity or group of activities that support the core mission and aligns resources with specific goals. Each GPRA Unit has completed or will complete a Program Assessment Rating Tool (PART). A unique program goal was developed for each GPRA unit. A numbering scheme has been established for tracking performance and reporting.^b

The goal cascade accomplishes two things. First, it ties major activities for each program to successive goals and, ultimately, to DOE’s mission. This helps ensure the Department focuses its resources on fulfilling its mission. Second, the cascade allows DOE to track progress against quantifiable goals and to tie resources to each goal at any level in the cascade. Thus, the cascade facilitates the integration of budget and performance information in support of the GPRA and the President’s Management Agenda (PMA).

Mission

The Elk Hills School Lands Fund’s mission is to provide a source of funding to fulfill the Settlement Agreement between DOE and the State of California with respect to its longstanding claims to two parcels of land within NPR-1.

Benefits

The agreement calls for payment from the contingent fund to the State of California, subject to appropriation, of 9% of the net proceeds from the sale of the Government’s interest in NPR-1.

Strategic Goal

The Department’s Strategic Plan identifies four strategic goals: one each for defense, energy, science, and environmental aspects of the mission plus seven general goals that tie to the strategic goals. The Elk Hills School Lands Fund appropriation supports the following goal:

Energy Strategic Goal: To protect our national and economic security by promoting a diverse supply and delivery of reliable, affordable, and environmentally sound energy.

General Goal 4, Energy Security: Improve energy security by developing technologies that foster a diverse supply of reliable, affordable and environmentally sound energy by providing for reliable delivery of energy, guarding against energy emergencies, exploring advanced technologies that make a fundamental improvement in our mix of energy options, and improving energy efficiency.

The programs funded within the Elk Hills School Lands Fund appropriation have one Program Goal that contributes to the General Goals in the “goal cascade”. This goal is:

Program Goal 04.58.00.00: : Maintain operational readiness of the SPR to drawdown at a sustained rate of 4.4 million barrels per day for 90 days, within 15 days notice by the President. Maintain a 2 million

^a Government Performance and Results Act of 1993

^bThe numbering scheme uses the following numbering convention: First 2 digits identify the General Goal that (01 through 07); second two digits identify the GPRA Unit; last four digits are reserved for future use.

barrel reserve of home heating oil in the U.S. Northeast. Utilize the NPR-3 as a testing and demonstration field for the Rocky Mountain Oilfield Testing Center’s ongoing research. Continue closeout and equity finalization activities related to NPR-1, and finalize settlement to the State of California with respect to its claims to “school lands”.

Contribution to the General Goal

The Elk Hills School Lands Fund contributes to General Goal 4 by fulfilling the settlement agreement between DOE and the State of California with respect to its longstanding claims to parcels of land within NPR-1.

Funding by General and Program Goal

(dollars in thousands)			
	FY 2004	FY 2005	FY 2006
General Goal 4, Energy Security			
Program Goal 04.48.00.00, Petroleum Reserves.....	36,000	36,000	84,000
Total, General Goal 4 (Elk Hills School Lands Fund).....	36,000	36,000	84,000

Elk Hills School Lands Fund

Funding by Site by Program

(dollars in thousands)

	FY 2004	FY 2005	FY 2006	\$Change	% Change
Elk Hills School Lands Fund					
State of California	36,000	36,000	84,000	+48,000	+133.3%
Total, Elk Hills School Lands Fund	36,000	36,000	84,000	-48,000	+133.3%

Site Description

State of California

The Agreement calls for payment from the contingent fund to the State of California, subject to appropriation, of nine percent of the net sales proceeds, with respect to its longstanding claims to two parcels of land ("school lands") within NPR-1.

Elk Hills School Lands Fund

Funding Profile by Subprogram

(dollars in thousands)

	FY 2004 Comparable Appropriation	FY 2005 Comparable Appropriation	FY 2006 Base	FY 2006 Request	FY 2006 Request vs Base	
					\$ Change	% Change
California Teachers' Pension Fund Payment	36,000	0	0	48,000	+48,000	+100%
Advance Appropriation	0	36,000	36,000	36,000	0	0.0%
Total, Elk Hills School Lands Fund	36,000	36,000	36,000	84,000	+48,000	+133.3%

Mission

The first installment payment was appropriated in FY 1999. No appropriation was provided in FY 2000, but the FY 2000 Interior and Related Agencies Appropriations Act provided an advance appropriation of \$36 million, which was paid in FY 2001 (second installment). The third through sixth installments of \$36 million were paid at the beginning of FY 2002, FY 2003, FY 2004, and FY 2005 respectively. The FY 2005 Appropriations Act contained an advance appropriation for an installment payable on October 1, 2005. In light of the delays in equity finalization, the Department consulted with the State of California in 2004 to discuss future payments. Discussions are ongoing.

Benefits

The agreement calls for payment from the contingent fund to the State of California, subject to appropriation, of 9% of the net sales proceeds, with respect to its longstanding claims to two parcels of land ("school lands") within NPR-1.

Detailed Justification

(dollars in thousands)

	FY 2004	FY 2005	FY 2006
Elk Hills School Lands Fund.....	36,000	36,000	84,000

Continue installment payments to fulfill the settlement agreement between DOE and the State of California with respect to its longstanding claims to parcels of land within NPR-1. In light of the delays in equity finalization, the Department consulted with the State of California in 2004 to discuss future payments. Discussions are ongoing.

Explanation of Funding Changes

FY 2006 vs. FY 2005 (\$000)

Elk Hills School Lands Fund

Increase reflects the increased amount for the seventh installment payment	<u>+48,000</u>
Total Funding Change, Elk Hills School Lands Fund.....	+48,000